

Los Angeles County Board of Supervisors May 5, 2006

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The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration Los Angeles, CA 90012

Dear Supervisors:

REQUEST FOR APPROVAL TO AUTHORIZE THE COUNTY
PURCHASING AGENT TO EXCEED ITS STATUTORY EXPENDITURE
LIMITATION AND ISSUE A NEW PURCHASE ORDER WITH STERILTEK
INC., FOR THE PROVISION OF CRITICAL STERILIZATION SERVICES AT
MARTIN LUTHER KING, JR./DREW,MEDICAL CENTER

(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the County Purchasing Agent to exceed its statutory expenditure limitation and issue a new Purchase Order, retroactive to May 5, 2006 through June 30, 2006, in the amount of \$54,000, 100% net County cost, to obtain services from SterilTek, Inc. to allow Martin Luther King/Drew, Jr. Medical Center to continue receiving mission-critical interim Central Service management sterilization services until the Department of Health Services returns to your Board with a new contract for these services. The continued provision of these services is needed to address deficiencies cited by the Centers for Medicare and Medicaid Services (CMS) and to prepare for an upcoming site visit by CMS and the Joint Commission on the Accreditation of Healthcare Organizations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to enable Martin Luther King, Jr./ Drew Medical Center (MLK/Drew) to continue receiving uninterrupted, mission-critical sterilization and training services, which, up to May 4, 2006, were obtained through a Purchase Order. The Department of Health Services (DHS or Department) is currently negotiating a new contract with SterilTek Inc. for the provision of these sterilization services at MLK/Drew. The Department anticipated having the new contract prior to the expiration of the Purchase Order, however, the negotiations have not yet concluded.

The Purchase Order process has specific statutory limitations pertaining to service contracting, and the authority to contract for services beyond a specific dollar threshold rests with your Board. These identified critical services have reached the established ceiling amount authorized by statute, and Board approval is required for the continuation of these services.



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Board approval of this recommended action will, on an interim basis, continue to permit MLK/Drew to utilize services from SterilTek Inc. to provide temporary sterilization and training services and identify and correct sterilization deficiencies, while the Department completes final negotiations with the contractor for these essential sterilization services.

FISCAL IMPACT/FINANCING

The total estimated cost of this purchase order will not exceed \$54,000, 100% net County cost. Funding is available in the Fiscal Year 2005-06 Final Budget.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

One of the safety and performance issues identified by the CMS survey of October 22, 2004 was in the area of sterilization procedures. Sterilization services are critical to ensuring the appropriate sterilization of medical instruments used for surgery. MLK/Drew's employee, who was responsible for these procedures, retired in early 2005. The attempt to identify a qualified candidate has not been successful to date.

Hospital administration determined that SterilTek Inc., a subsidiary of Steris, was a reputable firm which could assist MLK/Drew to attain the goals of delivering clean, sterile and on-time instrument sets to the Operating Room as required by CMS and JCAHO standards. SterilTek Inc. was hired through an emergency Purchase Order to identify and correct sterilization deficiencies and train a County employee once an appropriate candidate was recruited and hired.

Other CMS-surveyed surgical sterilization deficiencies are being corrected with SterilTek Inc.'s assistance with the intention that these efforts will also aid MLK/Drew in the process of obtaining JCAHO accreditation. The Department is actively recruiting a sterilization services manager, and once deficiencies are corrected and County staff has been hired and fully trained, the services of SterilTek Inc. will not be necessary.

Applicable provisions of State statute and the County Charter give the Purchasing Agent the exclusive authority and responsibility to purchase all furnishings, materials, supplies, fixtures, equipment, and all other personal property required by County departments. Concurrently, the Purchasing Agent authority includes engaging independent contractors for services up to \$100,000.

Based on the critical need to maintain these critical services without interruption, DHS is requesting Board approval to authorize a retroactive Purchase Order, effective May 5, 2006 through June 30, 2006, with the vendor currently providing these services under the purchase order process. The County's standard terms and conditions issued under the purchase order will remain in effect.

Attachment A provides additional detail.

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CONTRACTING PROCESS

As determined by MLK/Drew's hospital administration, SterilTek Inc. is a leader in providing surgical sterilization training, process improvement, and reprocessing consolidation and workflow management services that assist hospitals in meeting CMS and JCAHO survey requirements. A short-term contract with SterilTek Inc. is currently being negotiated to address MLK/Drew's critical need to correct deficiencies cited by CMS and to prepare for the JCAHO survey.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended action will enhance MLK//Drew's ability to meet the required CMS and JCAHO standards.

Upon approval, the Executive Office is requested to return adopted copies of this letter to the Department and a copy to the Internal Services Department, Attention Purchasing Division Manager.

Respectfully submitted,

Bruce A. Chernof, M.D.

Acting Director and Chief Medical Officer

BAC:co SterilTek.doc

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

SUMMARY

1. <u>TYPE OF SERVICE</u>:

Sterilization and training services.

2. AGENCY ADDRESS AND CONTACT PERSON

Michael A. Duckett, Vice President, Operations SterilTek Inc. 2424 W. 23rd Street Erie, PA 16506-2921 Phone: 814-835-2525

3. TERM:

May 5, 2006 through June 30, 2006

FINANCING INFORMATION:

The total estimated cost of this purchase order will not exceed \$54,000. Funding is available in the Fiscal Year 2005-06 Final Budget.

ACCOUNTABILITY FOR MONITORING:

The administrators and medical directors at MLK/Drew.

APPROVALS:

MLK/Drew: Antionette Smith-Epps, CEO

Contracts and Grants: Cara O'Neill, Chief

County Counsel (approval as to form): Sharon A. Reichman, Principal